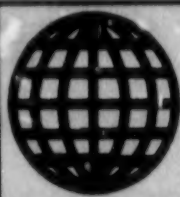


JPRS-TND-90-018-S

16 OCTOBER 1990



**FOREIGN  
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# ***JPRS Report***

## ***Supplement***

# **Nuclear Developments**

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***IRAQ:  
Nuclear and Missile Proliferation II***

# Nuclear Developments

## Supplement

### IRAQ: Nuclear and Missile Proliferation II

JPRS-TND-90-018-S

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**British Report of Precursor Chemical Sales Denied**

**Foreign Ministry Statement**

OW3009095890 Beijing XINHUA in English  
0934 GMT 30 Sep 90

[Text] Beijing, Sep 30 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China has always held a "very serious attitude" in implementing the U.N. Security Council Resolution 661.

The spokesman was asked to confirm a September 29 report by the British newspaper INDEPENDENT on Sunday, which said the North China Industries Corporation had signed a secret contract on selling to Iraq seven tons of lithium hydride to be shipped via Iran.

"China is a responsible country," the spokesman said. "We have been holding a very serious attitude towards the implementation of Resolution 661."

"The report by INDEPENDENT on Sunday is totally groundless," he said.

**Lithium Hydride Shipment Alleged**

LD3009164690 London PRESS ASSOCIATION  
in English 1546 GMT 30 Sep 90

[Text] China today denied a British newspaper report that it had agreed to sell to Iraq large quantities of a chemical used in the manufacture of nuclear weapons and missile fuel.

THE INDEPENDENT ON SUNDAY said a subsidiary of North China Industries (NORINCO), a Chinese State Company, agreed 10 days ago to supply about seven tonnes of lithium hydride to Baghdad. Unnamed sources said the chemical was likely to be flown from China to Tehran, and sent as "pharmaceuticals" to Iraq, thus breaching the United Nations trade embargo for which China voted.

Today, however, a Foreign Office spokesman said China had assured Britain it intended to enforce the sanctions. And the New China News Agency quoted a Foreign Ministry spokesman as saying: "The report by THE INDEPENDENT ON SUNDAY is totally groundless."

A NORINCO spokesman, contacted by REUTERS in Peking, denied the company even produced lithium hydride. The newspaper report said the chemical had few civil uses although it could be used in pharmaceuticals and in the computer industry. Its military applications included the manufacture of hydrogen bombs and missile fuel.

## ARGENTINA

**Defense Minister on Iraq, Condor Missile**

PY2209004390 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1255 GMT 21 Sep 90

[Text] Buenos Aires, 21 Sep (NA)—Defense Minister Humberto Romero has said that sending an Argentine military contingent to the Persian Gulf does not mean "hitching ourselves to the U.S. wagon." He also lashed out at the government of [former Argentine president] Raul Alfonsin for setting up the "Condor Missile" project with Iraq.

Romero said that Menem's decision is of the utmost importance because it "prompts a cultural change in Argentina in that it forces us to think in world terms, thus overcoming 40 years of seclusion."

In remarks published today in the newspaper EL CRONISTA COMERCIAL, Romero justified the shelving of the "Condor Missile" project that Argentina and Iraq were jointly developing.

The minister asked: "What would happen if Iraq threatened the entire world with a line of powerful Condor missiles that each bore the Argentine trademark?"

Romero also said: "The action by Iraq is serious for the whole world, not just because Iraq invaded another country but because it has the best military technology, especially concerning missiles."

Romero emphasized: "Argentina was cooperating with Saddam Husayn in this crucial matter until President Menem canceled the project that was initiated during the government of Alfonsin."

Romero said: "We were developing here, in our own territory, a strategic missile that involved foreign technology and was financed by a foreign country."

The minister described as a "mystery" the attitude of the government of Alfonsin and emphasized that "only now, with the conflict in the open can we realize the importance of what has happened and of the gravity of that strategic error."

Romero said that the mobilization of Armed Forces cadres to the Persian Gulf "allows them to enter the world of sophisticated military technology, operating beside the world's most advanced Armed Forces."

Romero said that, among its advantages, "morale is not unimportant, and it reminds" both military men and public opinion of "the essence of their calling, their raison d'être as soldiers: to defend their country and, during a foreign conflict, to defend the values in which their country believes."

## BRAZIL

**Brigadier Piva Comments on Iraqi Missile Project**

PY0410184390 Sao Paulo FOLHA DE SAO PAULO  
in Portuguese 2 Oct 90 p A10

[Interview with Brigadier Hugo de Oliveira Piva by "R.L.," special correspondent in Baghdad; date not given]

[Text] [R.L.] Why didn't the Iraqis dismantle one of their Soviet-made missiles to see how it works instead of hiring a Brazilian team?

[Piva] Because they did not only want to make a copy; they wanted to learn how to produce one. We were hired to teach them how to carry out research and to develop specific solutions, and we achieved results we could also have achieved in Brazil had we had the money.

[R.L.] Isn't the head-on interception [interceptao frontal] system somewhat advanced for Brazil?

[Piva] No. A missile that hits an aircraft head-on, basically, only needs two special devices: an extremely delicate infrared sensor capable of detecting the slightest heat generated by the target and a fuse that "receives orders" from the sensor instructing it to detonate the warhead at the appropriate moment. We have already designed that.

[R.L.] But that equipment is also highly sophisticated. Is the missile developed in Iraq capable of operating in any kind of weather?

[Piva] Not really. It is a simplified model, incapable of performing head-on interception in heavy rain, for example. Sometimes even a simple bank of clouds can interfere with the infrared sensor's performance. We started from square one, and we learned gradually.

[R.L.] Didn't the Iraqis complain when you decided to leave Iraq? How did you get your exit visas?

[Piva] I was in Brazil at the time of the invasion and received many phone calls from relatives of the engineers I had sent to Iraq. I went to Baghdad and found that many of the guys and their families were really uptight. This affected their work very much so I decided to bring them back. I visited the vice minister and held a very exhausting talk for an hour and 45 minutes. When I informed Iraqi Industry Minister Husayn Kamil [Hasan] of my decision, he refused to accept it. He said that the engineers had to fully comply with the contract. I rushed back to Brazil and met with Minister Socrates (Aeronautics Minister da Costa Monteiro), Ozires (Infrastructure Minister Silva), Pedro Paulo Leone (secretary for strategic affairs, formerly the SNI [National Service for Intelligence]), and Marcos Coimbra [secretary general of the presidency of the Republic, and the president's brother-in-law]. Ozires was very helpful. I suggested that a special government mission travel to Iraq to try to convince the Iraqi authorities, and that is what



they did. On Sunday morning (16 September), as soon as he got here, Ambassador Paulo Tarso (Flecha de Lima, head of the mission Itamaraty sent to Baghdad) visited Minister Husayn from whom he got the same answer I did. After that I held a very exhausting meeting of an hour and 45 minutes with the vice minister. As I was getting ready to leave, he took me by the hand and, obviously moved, he told me that he would make an effort to obtain the authorization for their exit because the team I had sent to Iraq was one of the most willing to work for Iraq and one of the most courageous they had ever seen. The following Tuesday, 18 September, the same vice minister unofficially informed me that the exit visas would be granted. On Wednesday, 19 September, the minister told Paulo Tarso the same thing, praising the Brazilians' cooperation.

[R.L.] In terms of money, are the Iraqi Government's payments to your group up to date?

[Piva] No. I asked them to update some delayed salaries, which amounted to a significant sum of money, but the vice minister told me there was no way they could do that because Iraq's funds abroad had been frozen.

[R.L.] Does the Iraqi military industry offer good working conditions?

[Piva] It does. The group in charge of developing the missile was headed by a brigadier who had a degree from England.

[R.L.] Do you think that the longest-range Iraqi rockets can hit Israeli and Saudi Arabian targets with precision?

[Piva] They already tried this during the war with Iran. They launched a rocket at a distance of 600 km and hit Qom, which is a small town. They still have a long way to go before mastering the know-how for inertial platforms, equipment to guide missiles. Nevertheless, the Iraqi war industry has reached a good level.

[R.L.] Do you plan to send Brazilian experts back to Iraq?

[Piva] Of course. I have a contract to honor, but I am also going to diversify the team's activities somewhat. We could probably work in the industrial automation field, for example. Anyone who can produce a missile can also design the automatic equipment to control the production line.

[R.L.] How much does it cost to produce an air-to-air missile in Iraq?

[Piva] Around \$40 million.

[R.L.] Has the Brazilian project carried out any tests?

[Piva] No. It did not even reach the scale-model phase.

[R.L.] Aren't you worried someone might try to kill you?

[Piva] (He stops to think for almost half a minute). Many people have asked me that, but I do not think I run that

risk because what I am developing is not sensitive technology. If you had the money you could buy this missile.

[R.L.] How are you going to pay your team's salaries the next few months?

[Piva] I don't know yet. I am going to have to arrange some financing scheme. I tried to do that with the Iraqis but they said it was impossible.

[R.L.] Has the name you have earned through this incident helped more than harmed you?

[Piva] It has caused me great harm (lowering his head and with a soft voice). For someone like me, who served the country for 42 years...to be called a "mercenary brigadier"...is difficult, you know? It is difficult.

### Retired Brigadier Piva Discusses Iraqi Aid

#### TV Interview

PY0709142690 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 6 Sep 90

["Exclusive" interview with retired Brigadier Hugo de Oliveira Piva by reporter Ernesto Palha; place and date not given—recorded]

[Text] [Begin recording] [Palha] Brigadier Hugo de Oliveira Piva, retired, is 63 years old. He spent 42 years of his life in the Brazilian Air Force, during which he occupied several command positions. His last office was that of director of the Aerospace Technical Center (CTA) in Sao Jose dos Campos. Brigadier Piva left the CTA three years ago and began work in the private sector. What type of business did you have in Iraq when the conflict began?

[Piva] My business with Iraq is to provide consulting services. I have a consulting company that supplies assistance for high-technology projects, particularly in space, aeronautics, and materiel systems technology.

[Palha] It has been said that you and your team were helping Saddam Husayn's regime to build an atomic bomb.

[Piva, laughing] I am no superman. There is no truth in that; it is absurd to say something like that. That is like saying that if a person is able to manufacture a truck, he can then manufacture an automatic weapon or a precision-loading gun. Our team has nothing to do with an atomic bomb or large rockets. It has also been said that we have modified Soviet rockets to make [words indistinct]. No, not even one contract. This is entirely untrue. Our team simply gives technical assistance to the [name indistinct] missile project, which is a defensive, tactical missile. Public opinion will make that judgment, and I will have to accept each person's opinion.

I am not concerned about what people may think of me; I am only concerned about being true to my conscience.

My conscience is at peace; I have done nothing wrong to Brazil or the world. The technology we are developing there—actually, that we are helping to develop—is technology to which they have access and will cause no imbalance in the region. [end recording]

#### Official Statement

PY0809033090 *Sao Paulo O ESTADO DE SAO PAULO (international section) in Portuguese*  
6 Sep 90 p 11

[Quotation marks as published]

[Text] Sao Jose dos Campos—in an official declaration issued yesterday, Brigadier Hugo de Oliveira Piva asserted that Brazil is not secretly supplying weapons to Iraq and that the 24 engineers and experts who work for his HOP [Hugo de Oliveira Piva] Consulting and Representation Enterprise and who are currently working in Iraq on an air-to-air missile project, “were officially registered at the Brazilian Embassy in Baghdad.” Brigadier Piva refused to grant interviews, and the declaration was disclosed by his private secretary, who only identified herself as Venina. As she released the declaration, Piva’s secretary noted: “What is stated there has been approved by the Brazilian Government.” Following are the main points of the declaration: “1. News reports carried by Brazilian and foreign media lately give the impression that Brazil is secretly supplying weapons to Iraq. However:

a) Brazil has never shipped any kind of large-scale strategic weapons to Iraq. It has only sold Iraq personnel carriers (Urutu), armed reconnaissance vehicles (Cascavel), Astros rocket launcher systems (with a maximum range of 67 km), ammunition for short-range weapons, and training aircraft (Tucano).

b) The great powers are responsible for supplying Iraq with war tanks, fighters, bombers capable of deep penetration into neighboring countries, cannons, medium-range missiles, bombs, radar factories, factories for the production of lethal gas used in chemical warfare, nuclear plants, bomb factories, etc.

2. As for the Brazilian engineers and technicians selected and appointed by HOP to develop an air-to-air missile in Iraq, we wish to clarify that:

a) The group is formed of highly specialized personnel who are helping a group of Iraqi technicians develop a short-range air-to-air missile similar to the Sidewinder, Magic, Shafrin, Piranha, etc. It should be noted that the Iraqi Air Force already has hundreds of similar missiles imported from the great powers. Therefore, the aid being granted by the Brazilian experts will not bring any imbalance to the region.

b) The technical solutions used for the new missile are different from those used for the Piranha. The designs, calculations, scale models, specific software, etc. of the Piranha project belong to the Aeronautics Ministry and,

as a result, will remain at the CTA [Airspace Technology Center]. None of that information was taken to Iraq.

3. I personally went to Baghdad in late August to try to repatriate the engineers and their families as soon as possible and to negotiate the suspension of all activities while the embargo was in force. We have already managed to repatriate all of the engineers’ relatives as well as three engineers; 21 engineers are still in Baghdad.

Signed: Brigadier Hugo de Oliveira Piva, retired.”

#### HOP Company’s Contacts Noted

PY0809224890 *Sao Paulo O ESTADO DE SAO PAULO in Portuguese* 7 Sep 90 p 8

[Report by Leticia Borges]

[Text] Brasilia—Brigadier Hugo Piva’s company, which grants military aid to the Iraqi Government, is headquartered in Monrovia, capital of Liberia, a small African country engaged in a civil war. According to an Itamaraty source, the company in Monrovia is called Beuford Holdings Corporation. The company management is based in Panama City, and the employee salaries are paid by a branch of the Banque des Pays Bas in Luxembourg.

What all these countries have in common is the fact that they are paradises for businessmen, with very flexible laws that allow the possibility, for example, of carrying out secret bank transactions. There is nothing illegal about it, but it just goes to show how sophisticated the Hugo de Oliveira Piva company (HOP) is.

Despite the note issued by Brigadier Piva yesterday explaining what he and the HOP engineers do in Iraq, nothing is quite clear. At first they never approached the Brazilian Embassy in Baghdad. Now, never explaining what it is they do, they tell the Brazilian diplomats they want to leave Iraq.

Brigadier Piva never appeared at the embassy when he was in Iraq. However, the technicians started to visit the Brazilian representatives after the situation in Iraq started to deteriorate. Before that they only appeared at the embassy to deliver documents, such as tax statements. The strange thing is that when they appear to pay their fees to the Regional Engineering and Architecture Council (CREA) they do so as private individuals.

Itamaraty does not regard the activities carried out by “Piva’s personnel” as illegal or illicit, although it reiterates that they damage Brazil’s image. Yesterday, Infrastructure Minister Ozires Silva, who is a personal friend of Piva, said that when the group went to work in Iraq the situation was quite different and that the commercial relationship between the two countries was at a “very good level.”

**Rezek on Ties With Iraq, Nuclear Policy**

*PY0510133290 Brasilia Radio Nacional da Amazonia  
Network in Portuguese 1000 GMT 5 Oct 90*

[Report by Cristina Indio do Brasil]

[Text] Foreign Minister Francisco Rezek has said that in the next few days there should be a solution to the problem of the 82 Brazilians who are still held in Iraq.

He said that today any news on the granting of exit visas by that country is unlikely because it is a local holiday. According to the minister, it is a day when nothing happens.

The minister added that the situation is unique, and the dialogue is delicate and difficult; however, there has been evidence that the Iraqi Government will not stop complying with rules concerning the treatment of foreigners and people's freedom.

Even with the difficulties in the negotiations, Minister Francisco Rezek believes no incurable damage has been done to relations between the two countries.

[Begin Rezek recording, in progress] ...[Word indistinct] slow and difficult negotiations, but so far these negotiations have not caused incurable damage to the commercial and civilian aspects of relations between the two countries. Of course, there are consequences—not just for Iraq, but also for many other countries—due to the fact that the new Brazilian Government is not preparing to work on strategic nuclear energy. This has nothing to do with that bilateral relationship. It is a general and collective policy. [end recording]

The foreign minister believes the Persian Gulf conflict will still be settled without violence. He believes that, after the speech delivered by French President Francois Mitterrand in the United Nations and other speeches that are currently being delivered, a peaceful solution is possible.



## EGYPT

**Mubarak Would Destroy Iraqi Missiles in Sudan***NC2709104990 Cairo MENA in Arabic 1016 GMT  
27 Sep 90*

[Text] Ismailia, 27 Sep (MENA)—In response to a question by a journalist, President Husni Mubarak has declared that if Iraqi surface-to-surface missiles were to be deployed in Sudan, he would immediately destroy them because he would countenance no "kidding" [hizar] in such matters that would affect Egyptian national security and his country's safety. He added: "I do not imagine that Sudan would accept the deployment of such missiles on its territory." This came in answer to reporter's questions this morning after he met with an Egyptian Armed Forces contingent leaving for Saudi Arabia.

**Paper on Iraq's Possession of Nuclear Arms***NC1509071590 Cairo MENA in Arabic 2156 GMT  
14 Sep 90*

[Text] Cairo, 14 Sep (MENA)—In a commentary in its tomorrow's edition, Saturday, the newspaper AL-AHRAM calls on world countries to adopt the call by President Husni Mubarak to eliminate the weapons of mass destruction from the Middle East, chiefly the nuclear and chemical weapons owned by Israel or any other country in the region.

Under the title "Iraqi Nuclear Bombs," the paper says the Egyptian call for the elimination of such weapons underscores Egypt's responsibility as a leading country for the peace and safety of the region's nations, Arab as well as Israel.

The paper says that the call is particularly important in view of recent reports that Iraq now has in its possession six crude bombs, having previously acquired the enriched uranium needed for their manufacture from various sources, chief of which are France and Brazil. If true, these reports must be seen as a serious warning to the countries of the civilized world and to anyone interested in the future of mankind, the paper writes.

The paper asks: With the end of the cold war, is this not the right time for the two superpowers to agree on a comprehensive and final elimination of the weapons of total destruction which they possess, within the framework of an international initiative to eliminate weapons of total destruction from the entire world in order to protect the future of the human race?

## IRAQ

**Commentary Raps U.S. 'Double Standard' on Arms***LD0810235190 Baghdad International Service  
in English 2100 GMT 8 Oct 90*

[Station commentary]

[Excerpts] In a recent speech before the United Nations General Assembly, U.S. President George Bush said he wished to see chemical weapons eliminated.

Apparently, Mr. Bush was referring to chemical weapons in one part of the Middle East, Iraq, purposefully forgetting that his call should been addressed to Israel, the party that has not only chemical weapons but also the more destructive nuclear arms. [passage omitted]

The Israelis attacked Iraq's nuclear reactor in 1981 at a time when this facility was open to inspection by the International Atomic Energy Agency, which had verified that the Arab country's nuclear facility was solely meant for peaceful purposes. The Israeli raid went unpunished by the major powers of the world, who want to keep the nuclear deterrent for themselves and their arch-ally Israel. At the head of these powers is the United States, who want to keep the Arabs behind while Israel continues with its aggressive policy against Iraq and the Arabs. [passage omitted]

Iraq has developed binary chemical weapons to be used as a deterrent against any aggression by enemies of the Arab nations, like the United States and Israel. The world has, in fact, not forgotten that the Americans launched the most barbaric attacks with chemical weapons and agents like Agent Orange against the Vietnamese people. Similarly, the Israelis used the internationally prohibited napalm bombs against the Arabs in the 1967 War. It is sheer distortion of facts on the part of the United States and its imperialist allies, whose double standard policy has turned the victim, Iraq, into an aggressor, and Israel, the source of aggression in the Middle East, into a target of threats by Iraq and the Arabs.

Such unjust and prejudiced behavior by the United States and the Western world comes from people with outmoded colonialist values who persist in following arrogant, aggressive, and double standard behavior towards Iraq and the Arab nations.

**Nuclear Weapons Development Denied***LD1010222890 Baghdad International Service  
in English 2100 GMT 10 Oct 90*

[Unattributed commentary]

[Text] The current propaganda and official campaign against Iraq has taken an unprecedented form in the magnitude of measures aimed at starving the whole Iraqi population through an all-out economic blockade. Besides this unjust blockade the United States, its allies and agents, are making daily threats of their military aggression against Iraq. This country has been singled out to be the target of a brutal campaign in which the U.S.-led cohorts have joined. The strangest bedfellows ever have sided together and every party holding a grudge against Iraq has been invited to jump on the bandwagon as if Iraq were up for grabs and as if it were an outlaw with a posse on its trail. The posse, in fact, is a group of bandits led by a never-do-well corrupt American sheriff. Anyone who might think that this unholy campaign against Iraq started with the events of 2

August 1990, or after it, is surely ill-informed or forgetful. The campaign against [word indistinct] 2 August. To refresh the minds of those who may have forgotten one could refer to U.S. and British claims that Iraq was in the process of building nuclear arms. These claims had been preceded and, in fact, initiated by Israeli threats to strike at Iraqi installations. The Israelis had recruited a British-based pseudo-journalist to spy against Iraq in collaboration with British intelligence. When the spy, Fa'zal Bazoft, got caught red-handed and was executed in Baghdad, the British government went mad as if Iraq were a condominium of the United Kingdom and had no sovereignty as an independent free state. Then the anti-Iraqi campaign by the U.S., Britain, and Israel became more open and more savage. Iraq's declaration on 2 April 1990 that it had the binary chemical weapon which was made to deter a potential Israeli aggression drew the wrath of the unholy alliance of the United States, Britain and Israel, as if Iraq had no right to defend itself.

Iraq is not surprised by the vicious campaign waged against its people by the enemies of the Arab nation. However, Iraq has been able to foil the conspiracy and to nip in the bud the Israeli aggression which had been expected last July. Iraq has made other successes and its usurped province of Kuwait has returned to the motherland. And definitely Iraq will remain strong and will emerge the victor in any confrontation with the aggressors. It has the power to strike back and its people have the determination and the potential to fight. This people have been tried before.

#### Delegate Hits IAEA Sanctions

JN2009082890 Baghdad INA in Arabic 1945 GMT  
19 Sep 90

[Text] Vienna, 19 Sep (INA)—Iraq has warned that any disruption in the technical aid provided to Iraq by the International Atomic Energy Agency [IAEA] will naturally lead to an explicit call for a full reassessment of relations.

This assessment came in the speech delivered this evening by Dr. 'Abd-al-Rahim al-Kital, Iraqi ambassador to Austria and head of the Iraqi delegation to the 24th annual IAEA General Conference in Vienna.

Referring to the speech by IAEA Director General Hans Blix's opening conference speech in which the phrase "suspension of technical aid to Iraq" was used, Dr. al-Kital said: We can only understand what the director general has said about technical aid to Iraq within a political framework reflecting IAEA submission to the immense pressures put on it by states that harbor evil against Iraq and prepare for launching a military aggression against it.

He indicated that the Board of Governors is the authority that approves technical aid programs. Consequently, it is the only authority entitled to suspend this aid. The director general and any other members of the secretariat have to abide by the board's decisions and

should not violate them. He expressed hope that the use of the term "suspension" was merely a mistake that would be rectified by the IAEA director general without delay.

Commenting on Blix's speech, in which he said that the embargo approved by the UN Security Council made it impractical for the IAEA to extend aid to Iraq, the head of the Iraqi delegation said that UN Security Council Resolution 661 is an unfair resolution which denied the Arab states the opportunity to find an Arab solution to an Arab problem and was also used as a pretext by some states to mobilize their fleets and forces in the Arab region in preparation for launching an offensive against Iraq. Besides, the resolution is being used to legalize the use of food and medicines as a political and military weapon, he added.

The head of the Iraqi delegation explained that that resolution applies to states not international organizations. The attempt to involve the IAEA is, therefore, an illegal action and contravenes the IAEA articles of constitution.

He indicated that Resolution 661 does not include technical aid and training. He said this view has been clearly expressed by UN Security Council permanent member states. He said the director general knows that some states are ready to accept Iraqi trainees within the IAEA programs for technical aid and cooperation.

Dr. al-Kital said: In light of that, the IAEA director general bears the legal and administrative responsibility, in accordance with the IAEA articles of constitution, to exert the utmost effort in order to find the proper means to extend technical aid to Iraq. We are confident that he will do so.

He explained that hasty measures do not help find peaceful solutions, but further complicate matters and obstruct efforts to create the appropriate atmosphere for defusing the war threat in the region. He warned that hasty measures adopted today may leave effects that will not be easy to remove in the future.

He affirmed that Iraq is eager to maintain its relations with the IAEA unhurt and unbruised, hoping that the IAEA apparatuses will maintain a similar position.

#### ISRAEL

#### Source Says Iraq To Have Chemical Missile Soon

TA0909102990 Tel Aviv YEDI'OT AHARONOT  
in Hebrew 9 Sep 90 p 4

[Report by Dani Sade]

[Excerpt] Senior security sources said over the weekend that Iraq will probably soon have surface-to-surface missiles with chemical warheads.

"This means Iraq will have the capability of fulfilling its threats to cause its enemies—the multinational forces in

Saudi Arabia, as well as Israel—heavy human losses if there is war,” a senior security source said yesterday, and added: “Iraq, however, also knows what the counteraction would be if such weapons were used in a Gulf war.” Referring to Israel, he said, “we have made clear many times that our reaction to a missile attack with chemical warheads would be most painful to the Iraqis.”

In response to a question on why there have been so many contradictory expressions by Israeli security elements about Iraq's chemical warfare capability in recent years, the senior source replied: “There is a tendency to link the expressions to various situations. For instance, when there is a need for a supplementary defense budget, stress is placed on Iraq's chemical warfare threat, and when there is a need to reassure the people, it is pointed out that the Iraqis still do not have surface-to-surface missiles with chemical warheads. Iraqis still do not have surface-to-surface missiles with chemical warheads.”

“In practical terms, it is enough that the Iraqis have the technology. The actual link between the chemical substance and the missiles can be made within a very short time.”

It will be recalled that Defense Minister Moshe Arens claimed during the panic about a possible gas attack on Israel that Iraq is incapable of dispersing chemicals over Israel using missiles and could only do it with the use of aircraft, but that the Israeli Air Force could deal with that threat.

Israel security experts said that the decision not to distribute gas masks to Israeli residents was, among other things, reached because of the evaluation that Iraq is incapable of fitting chemical warheads on its surface-to-surface missiles. [passage omitted]

#### **'Ivri Says Iraqi Nuclear Power Unacceptable**

TA2009084190 Jerusalem Domestic Service in English  
0500 GMT 20 Sep 90

[Text] David 'Ivri, the director general of the Defense Ministry, says Israel must make every effort to prevent Saddam Husayn from acquiring a nuclear capability. 'Ivri, who served as Air Force commander at the time of Israel's air strike against the Iraqi reactor in 1981, also says the most appropriate way should be found depending upon the situation. The official says that today more than ever he is convinced about the success of the Israeli air strike nine years ago. He also disclosed that at the time it was thought that the air attack would buy Israel three to five years' time, but nine years have already passed.

[Jerusalem Domestic Service in Hebrew at 0700 GMT on 20 September notes that, in an interview with Army affairs correspondent Karmela Menashe, 'Ivri noted that “if a confrontation breaks out in the Persian Gulf, Saddam Husayn will want to involve Israel so he can turn it into an Israeli-Arab conflict. But, he pointed out, Israel and the United States are trying to prevent that.

“Referring to the Iraqi missiles, Reserve Major General 'Ivri said that Saddam Husayn is the only one who knows whether Iraq has chemical warheads. The Iraqis have chemical weapons and surface-to-surface missiles and consequently, it is quite likely that they have chemical warheads, although this has not been confirmed.

“The Defense Ministry's director general went on to say that serious efforts are constantly under way to prepare the home front.

“With regard to the Arrow missile, 'Ivri said it provides an answer to the threat of surface-to-surface missiles. This is almost the only missile of its kind in the world that is in the development stage. We have learned a great deal from this project in terms of technology and know-how.

“'Ivri added that Israel's space capability experienced an important boost, and remarked that resources and thought should be directed to this area.”]

## **SUDAN**

#### **Official Denies Iraqi Missile Deployment**

NC3009145290 Cairo MENA in Arabic 1415 GMT  
30 Sep 90

[Text] Cairo, 30 Sep (MENA)—Colonel Salah-al-Din Karrar, member of the Sudanese Revolution Command Council (RCC), arrived in Cairo this afternoon for a visit of several days during which he will attend the celebrations marking the Prophet's birthday. Awqaf Minister Dr. Muhammad 'Ali Mahjub was on hand to receive him.

Speaking upon arrival, the Sudanese official stressed that the Sudanese people view relations between Egypt and Sudan as divinely inspired and said these relations cannot be altered by human beings because they are eternal. He added that it is natural for relations among members of a family to suffer setbacks, but said there will definitely be no problems as long as the belief in the existence of the single family remains.

Col. Karrar denied reports about the presence of Iraqi missiles in Sudan targeted against Egypt. He stressed that throughout its history, Sudan has never threatened Egypt's security; on the contrary, Sudan has always helped defend Egypt with its limited resources and history provides examples of this.

The Sudanese official expressed regret that there are seditious parties who are trying to wreck the eternal relations between Egypt and Sudan. He said: Egypt has interests in Sudan and vice versa. We are looking for an Egyptian role in all that is taking place in Sudan, the role of partner and not that of mediator or neutral party.

Regarding Sudan's stand on the Gulf crisis resulting from the Iraqi invasion of Kuwait, Col. Karrar asserted that his country opposes the Iraqi occupation of Kuwait and supports Kuwait's leadership and legitimacy as was

declared by RCC Chairman Lieutenant General 'Umar al-Bashir at the summit conference. He added that Sudan expressed reservations about the condemnation of Iraq because it believes that such condemnation does not serve the efforts to find a solution to this crisis. It also expressed reservations about the presence of foreign

forces because it believes that they complicate matters and exacerbate situations that may be harmful for the Arab region. He stressed that his country is seeking an initiative to resolve the crisis within an Arab framework that would ultimately lead to Iraq's withdrawal from Kuwait and the restoration of Kuwaiti legitimacy.



## AUSTRIA

**Firm Suspected of Supplying Propellant to Iraq**

AU0310100490 Vienna KURIER in German 3 Oct 90  
p 5

[Rupert Haberson report: "Strong Suspicion: Export of Rocket Propellant to Iraq"]

[Text] The controversial entrepreneur Oskar Schmidt has come under suspicion of trying to undermine the UN trade embargo against Iraq. There are also hints that he might contribute to the buildup of missiles in Iraq.

Following intensive investigation the state police took action. On Friday [28 September] the antiterrorism group presented a statement of facts to the public prosecutor of Eisenstadt against the "LIM Kunststoff Technologie" company in Kittsee, which is owned by Schmidt.

On Monday afternoon [1 October] a search was carried out on the premises of the LIM company.

The background on the perfectly planned police operation, whose outcome is not yet known, is the following: Schmidt—who was criticized recently because he purchased and sold Vienna's Harrach Palace at a very high profit—is suspected of attempting to supply goods to Iraq without the permit required since 16 August. At the same time, there are indications that the LIM company might contribute to the arms buildup of the aggressor Iraq and undermine the law banning the export of weapons to countries involved in conflicts.

On 16 June Oskar Schmidt and Heinz Geretsegger concluded a deal with the Iraqi Industry Ministry on behalf of the LIM company, under which construction began in Iraq of a plant that includes a tire factory and facilities for the production of the chemical HTPB (hydroxy terminated polybutadiene) with a capacity of 1,200 tonnes per year. Initial investigations by the police have revealed that it is true that polybutadiene, in the form of carboxyl compounds, can be used for the production of tires, however, HTPB, mixed with ammonium perchlorate, is usually used in the production of solid rocket propellant.

Since the end of July, LIM has allegedly supplied 2.5 tonnes of HTPB to Iraq. Also, efforts are reportedly under way to continue the construction of the plant and the supply of the chemicals despite the UN embargo. This has not been proven, but there are certain indications. Schmidt flew to Jordan on 17 September, for example, presumably to meet with Iraqi business partners there. A second planned visit to Amman did not come about.

**LIM Company Says It Will End Supplies to Iraq**

AU0910102890 Vienna PROFIL in German 9 Oct 90  
pp 35-36

[Alfred Worm report: "Tires for Iraq"]

[Excerpt] [passage omitted] On Monday last week [1 October] the Burgenland-based LIM company, which is suspected of supplying chemicals to Iraq that might be used as a rocket propellant, told the Economics Ministry that it intends to pull out of the contract with Iraq. "We are complying with the UN trade embargo, nothing else," the owner of the LIM company, Oskar Schmidt, pointed out. However, he would like to get his money back. LIM deposited 23 million Austrian schillings (10 percent of the value of the order) in an account at the CA [Creditanstalt] Bank, which can only be released by the CA Bank with the consent of the Iraqi bank. "This is the deposit for the performance bond. We cannot supply the chemicals—therefore we want the money back," Schmidt stressed.

Meanwhile the U.S. Embassy in Vienna has informed the Interior Ministry. The state police informed the public prosecutor in Eisenstadt about its suspicion that some tonnes of the chemical HTPB have already been supplied to Iraq. "This is nonsense," Schmidt stated. "I have not delivered anything. There will be no more supplies because of the embargo."

A search of the LIM company in Kittsee revealed that LIM is dealing with HTPB. Whether this is used for the production of rocket propellant or of low-pressure tires must be investigated by technicians and jurists. "We are placing all documents at the police's disposal during the search. Only tires are involved, nothing else," Schmidt stressed.

## GERMANY

**MBB Said Main Supplier of Weapons to Iraq****DER SPIEGEL Report**

AU2409114090 Hamburg DER SPIEGEL in German  
24 Sep 90 pp 32-34

[Unattributed report: "Hit With Roland"]

[Text] For weeks Bonn's diplomats in Washington tried to rebut U.S. criticism of German weapons deliveries to Iraq. Then they ran out of arguments.

In an urgent note on 7 September they asked the Foreign Ministry for "orders" on how the embassy should parry further attacks. "Detailed questions and harsh reproaches" against the German "merchants of death" are to be expected in particular from the "administration, Congress, and the public." Thus, the Senate will soon publish a list of 132 companies that have delivered to Iraq—among them are 68 companies from the FRG alone.



Bonn's defense, which was bureaucratically outlined in the summer in a "purchasing decree," was no longer sufficient. The "embassy would be grateful for additional instructions."

However, tricks and nice words cannot whitewash what German greed for exports has done: Hardly any other country has supplied Middle East despot Saddam Husayn so comprehensively with highly dangerous equipment for the production of nerve gases and biological weapons and with nuclear technology.

The poison gas scandal in particular may put a strain on German-U.S. relations. The U.S. intelligence services are bitter that their repeated information about dangerous German weapons deliveries did indeed arrive at the Chancellor's Office, but business went on as usual. The Israeli Embassy in Bonn also continuously sent information to the FRG Government.

One example was the al-Rabitah poison gas plant for Libya's dictator Mu'ammarr al-Qadhdhafi or the shipments of nerve gas facilities to Husayn. For three years the Americans and the Israelis bombarded Bonn with information about the factories in Iraq—only then were investigations initiated. It took another three years until the suspected poisoners were arrested.

The situation is escalating. The Federal Intelligence Service (BND) recently briefed the Americans about an alarming suspicion: According to a secret expert report by Swiss Professor Werner Richarz, the poison gas plants at Iesa, Meda, and Ghazi that were delivered by German businessmen can also be used for the production of prussic acid. The Ani and Mohamed large installations, which were built with German help, have already been "expanded for the synthesis of tabun." "Various documents" also prove that the combat agents "tabun and lewisite" are already being produced.

According to intelligence service analyses, Iraq is currently producing highly concentrated prussic acid. The poison is able to destroy the filters of gas masks. The Americans and British hurriedly started to improve their protective equipment for nuclear, biological, and chemical weapons so that they can withstand filter killers.

Not only are individual firms such as Imhausen, deliverer to al-Rabitah, destroying the reputation of the world's biggest export nation; the large concerns also have few scruples, but they have better cover.

A top address for the discreet deals is the arms company Messerschmitt-Boelkow-Blohm (MBB) in Ottobrunn. MBB is earning billions through the sale of war materiel to Iraq.

In the United States MBB is increasingly being targeted. U.S. experts judge the "alleged deliveries" of MBB for a "fuel air explosive" project (FAE) as "particularly critical," the embassy reported in a coded telex to the Bonn Foreign Ministry at the beginning of September.

The alleged project exists: FAE is some sort of gasoline bomb, which distributes its liquid content very thinly as an aerosol and produces a blast wave upon ignition that corresponds to that of a small nuclear bomb. The explosive was tested on the MBB test site in Schrobenhausen.

The "FAE warheads are extremely dangerous and destructive," says British technical expert David Saw—the ideal weapon to clear large mine fields or to use "against aircraft and troops in aircraft."

According to intelligence service reports, the Iraqis are the first Third World nation to have this MBB product. They got it via circuitous routes. The bomb was destined for Egypt—blueprints and test documents were all sent by MBB to the customer in Cairo. The Egyptians passed the documents on to Baghdad, which then immediately started to build the warheads.

MBB allegedly did not know of the Arab connection and claims to have left the project at the beginning of 1988.

Maybe, but the pattern is striking: Deliverers are primarily foreign companies or countries and the MBB experts remain discreetly in the background. With MBB know-how, Iraq developed, for instance, an intermediate-range missile that could reach Cairo, Tehran, or the archenemy Israel.

Again, it was a confusing game around the globe. First, the people from Munich successfully applied for the development of the Argentinian Condor 1 missile. When it became all too clear that the Argentinians were working on a military missile program, MBB had to cease cooperation as a result of pressure from Bonn and Washington.

However, MBB missiles experts secretly stayed in business. They resigned and were hired by Condor contractors of the Ottobrunn concern. Hidden behind a complicated conglomerate of small and letter-box companies, the former MBB people developed the Condor 2 missile with a range of about 1,200 km.

For years MBB has had close contacts with the companies of its former employees.

According to a BND report of 15 March, some of the former MBB employees are suspected of currently aiding Iraq—via Pakistan—in building up its nuclear technology. "The employees," MBB insists "left the company in a normal way and have not received any orders from MBB."

The German weapon company (6.27 billion marks [DM] turnover, 23,938 employees), which has belonged to Daimler-Benz since 1989, is a sort of Bavarian state company and can rely on its political friends.

The Free State is the second largest shareholder and holds almost 20 percent, and prominent Christian Social Union members have always been represented on the board of directors. For many years current Minister President Max Streibl had been head of the control body;

at the moment Finance Minister Gerold Tandler represents the Bavarian Government.

When rumors crop up about the company, Tandler says: "Nothing is being hidden, nothing is being dragged out, everything that can be published is published." According to a company spokesman, in all those years there have "never been any investigations of MBB by public prosecutors, only checks and special checks."

The DM77 million participation in the construction of the largest Arab military research center in the Iraqi town of al-Mawsil, for instance, where missiles, airplanes, and nuclear technology are being developed, is not a case for the Bavarian judiciary. While investigations are carried out of Bielefeld general agent Gilde-meister Projecta GmbH, the "most important German subcontractor" (Economics Minister Helmut Haussmann) MBB, without whom nothing could have happened in al-Mawsil, remains unmolested.

Another example: Even though the export of combat helicopters to Iraq is not permitted, MBB became one of the most important helicopter suppliers for the Iraqi Army—and the judiciary did nothing.

According to investigations by the renowned British technical journal FLIGHT INTERNATIONAL, Baghdad ordered 75 antitank and liaison helicopters of the MBB-brand BO-105 alone. During an operation in the Baseh Gorge in 1988, the helicopters were reportedly used to destroy Iraqi Kurds.

Sometimes the helicopters are first sent around the world before they reach Baghdad. In 1988 MBB sold 16 helicopters of the BK-117 type to Iraq, "a multipurpose helicopter of the new generation, can be used for all purposes" (MBB brochure).

However, first the helicopters were sent to Philadelphia, to the helicopter corporate subsidiary. From there they reached Baghdad via Great Britain.

The FRG Finance Ministry, which is responsible for customs matters, thought that the roundabout way was strange. In a request for legal aid, Bonn asked the United States to explain the deal. The Americans did not find anything suspicious.

MBB claims that the complicated transport was made for "time, capacity, and economic (dollar exchange rate) reasons. In addition, the helicopters are relief helicopters. The company stressed that combat helicopters were not delivered, "the relevant export regulations" have always been observed.

Maybe, but the alibi is not worth much: The miraculous transformation always takes place abroad. Thus, at the beginning of the 1980's, for instance, 24 helicopters of the BO-105 type were delivered to the Spanish company Casa. Casa equipped the helicopters with Swiss Oerlikon cannons and sent the aircraft to Iraq. The company leadership in Ottobrunn allegedly did not learn anything

about it. The Spanish company, it was said, acquired export and licensing rights and acted "on its own responsibility."

Maybe, but at that time MBB held about 11 percent of Casa.

The most profitable MBB deal with Iraq is completely legal and is carried out via Euromissile, the German-French sales company which was founded in 1972 (MBB share: 50 percent). Via Euromissile, Saddam Husayn bought 5,000 antitank missiles and 166 missile launchers of the internationally coveted tank-cracker "Hot" and 4,564 units of the identical system "Milan."

Baghdad ordered 1,050 of the particularly accurate German-French "Roland" antiaircraft missiles. That order alone was worth about DM5 billion.

The system has already stood its test in the Gulf region. In the war against Iran the Iraqis shot large numbers of Persian pilots from the sky with "Roland." The Iranians flew U.S. combat planes—machines of the same type that are now used by the U.S. Navy in the Gulf region.

### Government Investigating

AU2409120490 Cologne Deutschlandfunk Network  
in German 1100 GMT 24 Sep 90

[Text] The Federal Government in Bonn is examining charges that the Munich-based arms concern Messerschmitt-Boelkow-Blohm [MBB] is involved in the delivery of a new gasoline bomb to Iraq. The case is being examined in the Economics and Foreign Ministries, government spokesmen said in Bonn today. The suspicion against MBB has so far not been confirmed, they said.

### MBB Denies Allegations

LD2409165690 Hamburg DPA in German 1522 GMT  
24 Sep 90

[Excerpt] Ottobrunn (DPA)—The management of the Messerschmidt-Boelkow-Blohm GmbH (MBB) in Ottobrunn, near Munich, has still no proof of illegal or unlawful procedures in the export of defense technology. "With that statement, the weapons manufacturer today reacted to the latest reports in the news magazine DER SPIEGEL on weapons exports to Iraq. The accusations made in DER SPIEGEL did not take into account the fact that the deliveries referred to took place during the war between Iran and Iraq, the statement says. All trade relations with Iraq were broken off at the latest after the UN embargo. They were old accusations against MBB, in addition to the accusation they had been developing a new kind of bomb.

MBB states that no new kind of bomb has been developed. The 'Fuel-Air-Explosive-Project' quoted in the report comprised studies of warheads used in guided weapons. "Studies and technical documents did not

require authorization. Also, MBB did not pass on production documents or deliver a finished produce to the client, Consen/PBG, acting on behalf of Egypt. The studies were ended in 1988, MBB declared. DER SPIEGEL reported that the MBB product "which causes a pressure wave similar to that of a small nuclear bomb" had been transported to Iraq via Egypt.

MBB is not participating in the production of atomic, biological, or chemical weapons, the firm's statement says, of which the Daimler-Benz concern has owned a majority stake since 1989. The French firm Euromissile, Paris was "the authorized manufacturer of the guided weapon system Roland, Hot, and Milan referred to in the report as part of Franco-German contracts." MBB was a supplier to Euromissile. The company exported guided weapons "within French law as part of a treaty between France and Iraq."

MBB had not sold combat helicopters or armed helicopters to Iraq and "MBB helicopters were not converted to combat helicopters either." MBB refers to a licensing agreement with the Spanish firm Casa at the end of the seventies. Afterward, Casa concluded a contract with Iraq. Those Bo-105 helicopters "had, as far as we know, been equipped with weapons as they are used in the Spanish Army." With its deliveries MBB had not been one of the most important helicopter suppliers of the Iraqi Army; the majority of the helicopters used there are Soviet, French, and American. [passage omitted]

#### **MBB Council Chairman Denies Superbomb Report**

AU2509120690 Cologne Deutschlandfunk Network  
in German 1100 GMT 25 Sep 90

[Text] Works Council Chairman Schwarz of the aerospace concern Messerschmitt-Boelkow-Blohm (MBB) today denied reports that the company developed a superbomb that was supplied to Iraq. To his knowledge, MBB has never built any bombs, said Schwarz, who is also a deputy board chairman, in a Deutschlandfunk interview today. He said that studies on such a fuel-air explosive were prepared. Egypt had had an interest in them. However, the studies were discontinued, confirmed Schwarz.

Yesterday, MBB management denied relevant reports published by the news magazine DER SPIEGEL.

#### **Companies Suspected of Selling Technology to Iraq**

LD2509181190 Hamburg DPA in German 1705 GMT  
25 Sep 90

[Text] Stuttgart (DPA)—Two Baden-Wuerttemberg companies are under suspicion, according to Southwest Radio (SWF), of having [as received] missile technology to Iraq. As SWF reported on the "Landesschau" program on Tuesday evening, the Heidelberg electronics company Eltro GmbH is alleged to have sold missile guidance systems to Euromissile within the framework of a German-French joint venture.

Eltro has admitted to SWF that it supplied so-called optronic components to Euromissile. They were electronically and optically controlled guidance systems. They were installed—SWF reports—in the ultramodern Roland antiaircraft system and in Milan missiles, which are used for antitank purposes. DER SPIEGEL reported only recently that large quantities of the two systems have gone from Euromissile to Iraq. (Euromissile belongs half to the French state and half to the Daimler subsidiary MBB).

Eltro told SWF that it knew nothing of the exports to Iraq. The state prosecutor in Heidelberg is now conducting investigations on suspicion of violation of the arms control law and the foreign trade law. Furthermore, the state prosecutor is also conducting investigations into Teldix GmbH in Heidelberg, which belongs to the Bosch group. Here too, according to the state prosecutor, there is suspicion that missile technology has been supplied to Iraq via a third country. Teldix denied to SWF having had any missile trade with Iraq.

#### **Firms Said To Have Supplied Arms to Iraq**

AU0110190090 Hamburg DER SPIEGEL in German  
1 Oct 90 pp 97-101

[Text] The man who paid a visit to Bundestag Deputy Gansel at his office was inconspicuous. The visitor was a conservatively dressed blond man of medium height with no obtrusive gestures—a average person so to speak.

The meeting took place 13 years ago, but the SPD politician [Social Democratic Party of Germany] still remembers it today. The visitor, who introduced himself as Friedrich-Simon Heiner, was anything but an honest man. What he said was quite sensational.

For almost a decade he worked for the Wehrexport Ges.m.b.H. company. That weapons company belonged to the most famous German weapons dealer in the postwar period, Gerhard Mertins.

Heiner told the perplexed socialist that he was familiar with all the details of that dirty business, including some delicate cases. He wanted to leave the company at that point, but was afraid of retribution from his colleagues.

Gansel recommended to his visitor that he write down the story of his life, deposit it with a reliable lawyer, and tell the whole world about it. Then he would probably be left alone and could make a new start. It seems as though the former Mertins employee did not follow Gansel's advice.

Heiner, who is now 50, is suspected of having supplied, as the leading entrepreneur, sensitive military material to warmongering Iraq. All kinds of weaponry has allegedly been sold through the export-import company



Inwako GmbH, which is headed by Heiner. The company, located on 29 Feldstrasse in Bonn, belongs to his wife Elke. The enterprise has sales in the billions [currency not specified] with only a few employees.

Agents of various secret services have shown interest in Heiner for quite some time. Israel's Mossad is investigating his deals. At the end of last year, the Israelis informed their colleagues from the Federal Intelligence Service (BND) about Heiner's activities. The Pullach-based authority sounded the alarm with the FRG Government on 26 February. Heiner is also known to the longtime enemy of Iraq and Iran. He was threatened by a group of fundamentalists called "Those Who Enforce Khomeyni's Legacy," "on behalf of the merciful Allah."

If Heiner continued to work for "the devil Saddam Husayn," his business would be destroyed, and his family would not be spared either, the threat read. He would only be granted mercy if he abandoned the "path of the devil." Identical letters were sent to a selected group of German businessmen. Apart from Heiner's Inwako company, another six enterprises received such letters—illustrious companies including MBB [Messerschmidt-Boelkow-Blohm] and Thyssen.

Heiner was relatively well-protected for a couple of days. Customs investigators from Cologne and public prosecutors from Bonn came to see him on 22 August. The weapons dealer was arrested because of alleged supplies to Iraq. A few days later he was released from custody on bail. Preliminary investigations were also introduced against his Kiel business partner Klaus Weihe.

Apparently German businessmen cannot resist the temptation of high profits that can be earned in weapons deals, as the case of Heiner shows. Business is business, even if the customer stops at nothing.

As far as Iraq is concerned, a three-class society can be observed. In the case of larger projects involving a business volume of hundreds of millions of German marks [DM], enterprises such as Ferrostaal from Essen or Gildemeister from Bielefeld usually divide the business among themselves. With feigned naivete and with a wink, the responsible officials speak of allegedly harmless deals—even if gun factories or military research centers are involved.

Experts in the field, such as the Ottenbrunn-based MBB weapons producing company are usually not mentioned in connection with such deals. Whether missile projects or the superbomb for Iraq is involved—MBB is only responsible for research and development. Murderous hardware is being supplied to other countries by NATO members. The dirty job is usually done by companies including former MBB employees, and so MBB remains clean outwardly.

Thus, preliminary investigations were instituted last week—but not against the big weapons-producing company—after a report published by DER SPIEGEL on the FAE [fuel air explosive] bomb, which was developed by

MBB and which has nearly the same destructive power as a small nuclear blasting charge. The investigators are examining a small company that was involved in the project.

The second group involved in deals with Iraq are exotic companies. The supply of biological and chemical weapons is reserved for specialists.

Because big companies no longer participate in dubious supplies to Iraq, buyers from Iraq have to rely on unknown enterprises and unscrupulous exporters, such as the managers of the Hamburg W.E.T. company or the Dreieichen Pilot Plant firm. A small number of companies are involved here.

The third group must be very versatile: A dozen good agents—men like Heiner—are needed here. Thus, Heiner's partner Weihe apparently tried to get a hot shipment to Iraq via Jordan after the UN embargo had been imposed (DER SPIEGEL 37/1990).

Profits for such agents can be enormous. The Iraqi agent 'Abd al-Munim Jabara, for example, who owns a small export-import company in Munich, charged commissions amounting to DM4.2 million—excluding fees—within three years for arranging the transfer of West German communications technology during the Gulf war.

Good connections are the most important precondition for weapons deals. Jabara, for example, was a friend of Fadil Barak, the head of the Iraqi secret service. A certain Ramzi al-Khatib, a stockholder of the Graeser GmbH in Fischbachtal in Hesse, has good relations with Iraqi Industry Minister Husayn Kamil, Saddam Husayn's son-in-law.

The Fischbachtal-based company, which was again examined by customs investigators, is believed to have arranged for Ferrostaal the construction of a gun project in Tadshi in Iraq, which was declared as a general foundry (DER SPIEGEL 28/1990). The authorities seized documents that provide evidence for this, but preliminary investigations have not been initiated so far. Agents' services are considered morally bad, but they are of no legal significance.

As a matter of fact, none of the agents seems to be as versatile as Heiner in Bonn. He is a man for all cases. After he left the Waffenexport GmbH in 1977 and after he had talked to SPD's Gansel, he first started business with Libya. Some of his partners got an uneasy feeling, such as chemical engineer Klaus Hoffmann from Ruedesheim, who went to Tripoli on behalf of the Inwako company. Hoffmann first believed that he was dealing with detoxification plants and antidotes for chemical weapons. However, after his third visit he told Heiner that "much to his surprise" he discovered that the deal did not involve protection against nuclear, bacteriological, and chemical weapons, "as originally presumed, but the construction of a chemical weapons plant."

He did not want to be involved in such a deal. Hoffmann protested: "You cannot force me to violate existing laws."

Even Western intelligence services do not know whether Mu'ammarr al-Qadhafi's officers were already building a poison gas plant at that point. Heiner denied Hoffmann's suspicions concerning poison gas (the title of Hoffmann's thesis was: Detection of chemical warfare agents in drinking water), but the matter was too hot for Hoffmann. He abandoned the project, despite the fact that he had in vain invested "over DM10,000 of traveling expenses."

At the beginning of the eighties, a number of deals with Iraq were initiated. Heiner succeeded in launching a big coup: At the beginning of 1981, he hired Ludwig Heerwagen from the GSG-9 antiterrorism group as a trainer for Iraq. According to Heerwagen, the goal of the training was "to establish a special unit capable of fighting all terrorist activities in the country."

The training for the Iraqis lasted from May 1982 to August 1982. It was a tough job for Heerwagen. The Iraqis had received no previous training, were "bad at shooting, if not catastrophic" (Heerwagen). There was not even enough ammunition. "We only had ammunition for 300 shots. At least 15,000 shots would have been required." "Tasks and orders were not always understood, and sometimes they were carried out in an inaccurate way or not at all," Heerwagen stressed.

Heiner's reputation in Iraq as a man with connections was useful for the project. Now there is no longer any shortage of ammunition or military equipment between the Tigris and the Euphrates. People like Heiner are believed to have essentially contributed to that.

The Bonn dealer is accused of having supplied important parts and tools for the improvement of Iraqi Scud-B missiles of Soviet origin. Half a dozen German companies were involved in the project (code named: "1728"). Economics Minister Haussmann explained to a group of selected persons in Bonn that "individual supplies" by "medium-sized German enterprises" were involved.

One of the shipments made the Israelis nervous. Together with an English partner, Heiner allegedly supplied ring magnets for the rotor bearing of a gas ultracentrifuge to Iraq. Such plants make possible the enrichment of Uranium-235 so that it can be used for nuclear weapons.

The Israeli intelligence service continued to investigate Heiner's deals. At the London-based Technology and Development Group (TDG), Iraq's front organization for purchases from Western Europe, a visitor recently discovered a torn TDG fax addressed to Heiner dated 8 September 1989.

When the torn parts were pieced together, it became clear that TDG had ordered 20 tonnes of a product

needed for the production of nerve gas. Another fax dated 5 October, which was also torn, mentioned a discount.

The intelligence services have not found out whether the material was really supplied. Heiner currently declines to answer journalists' questions concerning his deals with Iraq. According to his lawyer, he is preparing himself for his appearance before the court and the public prosecutor."

Other fellow dealers are very active at the moment. For example, al-Khatib from the Graeser company who has such good relations with Husayn's son-in-law, is trying to ensure the release of German hostages in Iraq—without demanding any compensation, this time.

#### No Knowledge of Brazil Passing Technology to Iraq

LD1209162190 Hamburg DPA in German 1333 GMT  
12 Sep 90

[Text] Bonn (DPA)—The Federal Government has no information in its possession that Brazil passed on nuclear technology or knowledge originating from the Federal Republic to Iraq. This emerges from statements made by the parliamentary state secretary to the Research Ministry, Albert Probst (Christian Social Union), in response to an Social Democratic Party question at question time today in the Bundestag.

The Federal Government has at all times seen to it that Brazil keeps to its obligations on security measures in connection with the German-Brazilian nuclear treaty, he stated. Probst however confirmed that the Federal Intelligence Service (BND) reported on the supply of natural uranium to Iraq by Brazil in 1984.

Apart from this, there were indications which led to the suspicion that Brazil wanted to give technical aid for bringing into service the Osiris research reactor from France, near Baghdad. However the reactor was destroyed by the Israelis in an air raid in 1981. Brazil also attempted to help obtain processing technology for converting uranium ore into uranium dioxide (yellowcake). At that time, however, the South American country lacked "sensitive know-how" on enriching uranium up to weapons quality, the state secretary assured parliament.

## PORTUGAL

#### Missiles in Mauritania Seen as 'Potential Danger'

PM0509134390 Lisbon EXPRESSO in Portuguese  
1 Sep 90 p A3

[Excerpt] The Portuguese intelligence services were warned this week of the possible presence in Mauritania of surface-to-surface missiles supplied by Iraq with a range of 900 nautical miles—sufficient to reach Portugal. Mauritania, together with Libya, Tunisia, Morocco,



Algeria, Jordan, and Yemen, is an Arab country that has shown support for Iraq's stances.

According to a senior Foreign Ministry official, these missiles' presence, if confirmed, could "be a potential danger" in the event of armed conflict breaking out in the Persian Gulf. [passage omitted]

## SWITZERLAND

### Schmiedemeccanica-Iraqi Connection Reported

90P20121Z Lausanne L'HEBDO in French 6 Sep 90  
p 18

[Article by Christophe Roulet and Bruno Giussani: "Iraqi Commerce; Undercover Offensive"—first paragraph is L'HEBDO introduction]

[Text] Schmiedemeccanica, lured by a large contract, is a victim of the Iraqis.

The Ticino company Schmiedemeccanica would never have suspected that the Iraqis would one day become its major source of worry. Already called on the carpet by the federal prosecutor for exporting material presumed to be sensitive to Saddam Husayn's country, today the company is raising a second wave of indignation. A British company, The Technology and Development Group (TDG), based in Chiswick just acquired 18 percent of its [Schmiedemeccanica's] stock. This company's activities are at the same time far from innocent. According to the American Department of Defense, the company, controlled by the Iraqi Ministry of Industry and Military Industries, is tasked with the discreet procurement of technology and equipment necessary for the development of its nuclear program.

At Biasca, Schmiedemeccanica did not suspect a thing. Once they found out that the company represented private Iraqi, Saudi, and Kuwaiti interests, their offer

was certainly the most interesting. TDG moved aggressively to include the Swiss firm in the vehicle factory project in Iraq in exchange for a minority share in the Ticino-based company. "This investment on the order of \$700 million represented a \$2-3 million contract for us over the next 10 years," explained Gianni Martinelli, the director of the group. "An interesting job, without a heavy reciprocal arrangement on our part." TDG had, however, already made the headlines in England last year. The government had exercised its veto over the repurchase of an Irish plastics factory. Since May, the Labor Party pressed the Ministry of Industry to investigate that company. But why should Schmiedemeccanica be disturbed? "Until June, Iraq was considered a favored nation as far as trade was concerned." It has certainly profited by searching out business in armaments.

## TURKEY

### Iraq Said To Transfer More Missiles to Border

NC0110115890 Istanbul TERCUMAN in Turkish  
27 Sep 90 p 6

[Text] London, (A.A.)—Iraq has reportedly transferred 12 more long-range missile batteries to areas close to the Turkish border during the past few days.

The Democratic Party of Kurdistan [DPK], which is opposed to the Iraqi regime, disclosed in London yesterday that launchers for the Scud-B and al-Husayn missiles have been installed close to the Turkish border and aimed at selected targets.

The disclosure by the DPK, which is headed by Mas'ud Barzani, claimed that this information came from a group of Iraqi troops of Kurdish origin, who defected from the Iraqi army and joined the DPK peshmerga [Kurdish fighter] units on 22 September. The disclosure also claimed that Iraq's ground-to-ground missiles were generally aimed at the Turkish bases in Diyarbakir and Batman.

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**DATE FILMED**

24 Oct. 1990